



Overview

This resource guide provides an overview of the various sponsored program agreement types used for federal awards, specifically detailing grants, cooperative agreements, contracts, and Other Transaction Agreements (OTAs). Accurate classification of the funding instrument is crucial for compliance and avoiding legal risks, as each type carries unique requirements.

Why Knowing the Funding Instrument Matters

Federal awards are issued under different instruments—grants, cooperative agreements, and contracts—and each carries unique requirements and compliance obligations. The instrument type determines the governing regulations, reporting standards, and the level of federal involvement in the project. Accurate classification is crucial to ensure proper budgeting, compliance with federal statutes, and the avoidance of audit findings or legal risks.

Award Instrument Type	Grant	Cooperative Agreement	Contract	Other Transaction Agreement (OTA)
Description	A grant is used to support a particular project conceived and proposed by the PI, with minimal involvement and control by the sponsor.	A cooperative agreement provides assistance to a project with substantial federal involvement.	A contract is issued to procure goods or services for the direct benefit of the sponsor. It is subject to the Federal Acquisition Requirements (FARs).	OTA is a flexible instrument used for research, development, or prototypes, and is exempt from the FAR or Uniform Guidance. Provides T&Cs flexibility tailored to the project needs.
Basic Purpose	Provides assistance with few restrictions.	Provides assistance with substantial involvement.	Procures tangible goods or services.	Supports innovative R&D, or prototype projects with negotiable terms.



Federal Sponsored Program Agreement Types

Award Instrument Type	Grant	Cooperative Agreement	Contract	Other Transaction Agreement (OTA)
Award Instrument	Short may refer to general conditions that are typically acceptable by all IHEs.	Describes involvement, party relationships	Long, detailed specs, clauses, FAR regulations, and expected results.	An agreement tailored to the needs of the project. Typically, the turnaround time for negotiations/ execution is 2 to 3 days.
Sponsor Involvement	Minimal involvement by the Sponsor. Annual technical and financial reporting is required.	Substantial involvement requires ongoing communication with the Sponsor, who must approve key decisions during project performance.	Involvement is extensive. Likely to require monthly technical and financial reporting.	Varies. The sponsor is heavily involved, providing frequent technical and financial reporting.
Rebudgeting	Flexible.	Usually allowed.	Occasionally allowed within restrictions.	Negotiable based on agreement.
Equipment Title	Grantee.	Varies / Negotiable.	Varies / Negotiable.	Varies / Negotiable.
Patent Rights	Generally liberal.	May be involved.	Contract provision.	Negotiable; often customized.
Publications	Unrestricted.	May ask to be informed.	May require prior review/deletion of proprietary information.	May include review provisions; negotiable.
Technical Reporting	Annual summary report.	Frequent reports.	Detailed, often monthly.	Defined by agreement; often flexible.